

Outgoing  
M/031/0003

Peter Brinton &lt;peterbrinton@utah.gov&gt;

## Deer Trail Mine - Western Pacific Resources

Peter Brinton <peterbrinton@utah.gov>

Thu, Mar 28, 2013 at 3:31 PM

To: Alexis Marach <Alexis.Marach@mcmillan.ca>

Cc: Ed Winders <edw.unico@gmail.com>, Penny Berry <PENNYBERRY@utah.gov>, Paul Baker <paulbaker@utah.gov>

Hi Alexis,

Thanks for the patience in my reply. I was at a conference this morning and most of yesterday.

The total amount of reclamation surety currently required for the Deer Trail permit and mine plan to be kept in compliance is \$256,900. According to Division records as of March 19, 2012, UNICO had provided a reclamation surety amount of \$158,600 (less than the required amount). So the Division's March 19, 2012 letter to UNICO (attached) was sent, requiring an additional reclamation surety of \$98,300 (which is the difference between the received and required amounts).

After the March 19, 2012 letter was sent by the Division, the Division discovered that more UNICO funds (~\$20,610) exist in a reclamation surety account than the Division had been aware of. Assuming that the additional \$20,610 is applied to the existing reclamation surety of \$158,600, the revised, additional amount of reclamation surety that UNICO is currently required to provide is \$77,690. In other words, the \$77,690 is the currently-missing reclamation surety, and does not represent any outstanding fees owed to the Division.

To summarize, any prospective permittee interested in taking over the Deer Trail permit (M/031/0003) will need to provide a reclamation surety in the total amount of \$256,900 in order for the Division to approve a proposed permit transfer. Projected reclamation cost calculations are periodically re-evaluated, and both inflation and future mine plan amendments are likely to result in increases to this total reclamation surety amount required.

In an unrelated matter, as discussed on the phone on Tuesday, UNICO does owe the Division \$1,500 in delinquent annual permit fees (three years worth). Besides this \$1,500, no other fees or payments are owed by UNICO to the Division. Future permittees will be required to pay future permit fees, beginning in 2014.

Peter

[Quoted text hidden]

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Peter Brinton  
Environmental Scientist/Engineer II  
Utah Division of Oil, Gas & Mining  
Office Phone: 801-538-5258  
Days: M - Th, Every Other Friday  
Hours: 7:30am - 5:00pm





Peter Brinton &lt;peterbrinton@utah.gov&gt;

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## Deer Trail Mine - Western Pacific Resources

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**Peter Brinton** <peterbrinton@utah.gov>

Thu, Mar 28, 2013 at 4:00 PM

To: Alexis Marach &lt;Alexis.Marach@mcmillan.ca&gt;

Alexis,

Here is some clarification on the \$77,690 that is currently required as additional reclamation surety:

- 1) UNICO will not owe \$77,690 to the Division if the permit is transferred over to Western Pacific, AND
- 2) the required surety of \$77,690 is part of the total currently-required reclamation surety amount of \$256,900 that Western Pacific will need provide as replacement for Unico's partially-filled surety in order for the permit transfer to be approved.

Let me know if you have any questions.

Peter

On Thu, Mar 28, 2013 at 3:31 PM, Peter Brinton <peterbrinton@utah.gov> wrote:

Hi Alexis,

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The total amount of reclamation surety currently required for the Deer Trail permit and mine plan to be kept in compliance is \$256,900. According to Division records as of March 19, 2012, UNICO had provided a reclamation surety amount of \$158,600 (less than the required amount). So the Division's March 19, 2012 letter to UNICO (attached) was sent, requiring an additional reclamation surety of \$98,300 (which is the difference between the received and required amounts).

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To summarize, any prospective permittee interested in taking over the Deer Trail permit (M/031/0003) will need to provide a reclamation surety in the total amount of \$256,900 in order for the Division to approve a proposed permit transfer. Projected reclamation cost calculations are periodically re-evaluated, and both inflation and future mine plan amendments are likely to result in increases to this total reclamation surety amount required.

In an unrelated matter, as discussed on the phone on Tuesday, UNICO does owe the Division \$1,500 in delinquent annual permit fees (three years worth). Besides this \$1,500, no other fees or payments are owed by UNICO to the Division. Future permittees will be required to pay future permit fees, beginning in 2014.

Peter

On Wed, Mar 27, 2013 at 11:39 AM, Alexis Marach <Alexis.Marach@mcmillan.ca> wrote:

Hi Peter,



As a follow up to our call yesterday, we were wondering if you could clarify a couple of things in connection with the amount of the performance bond for the Deer Trail Mine property. Specifically, can you please let us know what fresh money needs to be posted for the performance bond, excluding any amounts owed by Unico, Inc. ("Unico") that are currently outstanding?

Since our client, Western Pacific Resources Corp. ("WPR") will be acquiring the Deer Trail Mine from Unico, we recognize that WPR will need to pay a performance bond to operate the mine (in accordance with the Notice of Intention). However, we also understand that WPR has not agreed to pay outstanding amounts owing on the current performance bond for Unico. Therefore, can you please confirm whether the amount of \$256,900 noted yesterday on the call (and in your email from March 25<sup>th</sup> to Ed Winders) includes any arrears currently owing on the Deer Trail Mine property? In particular, we note that in your email you said that there is a bond amount of \$77,690 outstanding. Is this \$77,690 included in the \$256,900 noted above, or is this a separate item altogether? Can you please also confirm whether this amount is currently outstanding and payable by Unico?

Additionally, so we can explain the amount of the performance bond to our client, can you please provide a breakdown of what will be payable by WPR on closing and also a breakdown of what amounts are currently in arrears on the property (owed to DOGM by Unico)?

Your assistance on this matter is much appreciated.

Thanks,

The logo for mcmillan, with the word "mcmillan" in a lowercase, sans-serif font. The "m" and "c" are in a dark red color, while the "millan" is in a lighter red color.

**Alexis Marach**

Associate

d 778.328.1498

[alexis.marach@mcmillan.ca](mailto:alexis.marach@mcmillan.ca)

Assistant: Sherry Fannizadeh | 604.689.9111 ext .4332 | [sherry.fannizadeh@mcmillan.ca](mailto:sherry.fannizadeh@mcmillan.ca)

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